

Oil rush is on in N.W.T. Husky and partners tie hopes to positive preliminary results

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EDMONTON - An international drilling group will try to prove this winter it has made the first big Northwest Territories oil find in 85 years.

"It was a very encouraging discovery," Husky Energy spokesman Leif Sollid said Wednesday in describing the target at Summit Creek, 110 kilometres south of Norman Wells.

"It's one that requires further evaluation, but also one that holds a lot of promise," Sollid said.

Starting in January, Husky, Houston-based Pogo Producing Co.'s newly acquired Northrock Resources subsidiary, EOG Resources Canada, Pacific Roderer Energy and International Frontier Resources will drill their second Summit Creek well.

Initial well tests, completed in March, produced 6,000 barrels of oil and gasoline-like condensate a day, and 20 million cubic feet of natural gas. The flows rivalled results of initial discovery wells in major oilfields such as Leduc and Pembina in Alberta, and Hibernia and Terra Nova offshore of Newfoundland.

At current prices the premium, refinery-ready grades of oil and condensate found at Summit Creek would fetch about \$450,000 a day or \$13.5 million a month if the test flows of 6,000 barrels daily can be sustained as reliable production.

But like the older discoveries, the new northern target needs additional drilling to confirm it is a big enough "pool" or geological reservoir for commercial development and not just an isolated oil pocket, Sollid indicated.

The first Summit Creek well was drilled to a depth of 3,063 meters and on the way down penetrated a 180-metre column of porous rock steeped in oil and gas, the companies said.

The companies have to wait until winter to do further drilling because heavy oilfield equipment can only roll out to the discovery site after soft northern ground and muskeg freeze, allowing an ice road to be built.

New seismic exploration surveys and consultations with the Sahtu aboriginal population of the central Mackenzie Valley were conducted after the initial Summit Creek success, Husky said.

A second well will be drilled this winter to try a new exploration target on 2,400 square kilometers of resource rights owned by the firms in the region.

But the northern community could not be told about production plans. "We simply don't know at this point," Sollid said.

The Summit Creek discovery is within 60 kilometres of Enbridge Inc.'s 20-year-old Norman Wells oil pipeline and the proposed route for the \$7-billion Mackenzie Gas Project's new natural gas pipeline.

Room has opened up on the Enbridge oil pipeline.

Shipments average about 20,000 barrels per day or two-thirds of the line's 32,000-barrels-daily capacity.

Production is in natural decline at the Norman Wells oilfield. Imperial Oil drilled the discovery beside the Mackenzie River in 1920, and it remains the only producing field in the Northwest Territories.

"We're open for business," Enbridge spokesman Bruce DeBaie said. "The North is a land of opportunities. We're in our 20th year of operations up there and it would be nice to say another 20 years is coming."

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